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AUTHOR Taggart, Robert
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ABSTRACT

This paper assesses the youth employment situation from a policymaking perspective. The first of three main sections provides a largely statistical overview of the current youth labor market. The 1980s recession is said to be a depression for youth, especially minority youth. Increases in teenage unemployment are documented, and asserted to be the worst in American history. Some causes, such as the minimum wage cut and new government policies, are considered, and prospects for the future are presented. Some favorable demographic trends are observed, but these, it is pointed out, will not neccessarily solve the problems of youth who lack basic skills and academic credentials. The second section makes proposals for programs based on research and experimentation conducted in the 1970s. These emphasize the interdependency of education and job marketability and call for: (1) assistance beyond basic skills remediation; (2) a more measured expansion of youth programs; and (3) a greater balance among service providers (as to target groups and areas, treatment approaches, and delivery systems). Suggestions are made for establishing standards, creating opportunities and service pyramids, and documenting youth competencies and employer requirements. The third and final section advances a youth strategy for the 1980s that would have three basic thrusts toward (1) the provision of basic skills training; (2) the creation of a national youth service through the implementation of a balanced portfolio of job creation measures; and (3) frameworking the youth labor market through the development of a generally accepted certification of entry employment competency. (KH)

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The National Council on Employment Policy

August 1984

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INVESTING IN AMERICA'S FUTURE

A Policy Statement by
The National Council on Employment Policy

1730 K Street, N.W., Suite 701
Washington, D.C. 20006

August 1984

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The National Council on Employment Policy is a private, nonprofit organization of academicians, administrators and policymakers with a special interest and expertise in the area of employment and training. This review of youth problems, programs and policies was prepared for the Council by Dr. Robert Taggart, former Administrator of the Office of Youth Programs in the Department of Labor. Despite divergence of opinions on details, the members agreed to its issuance as a National Council on Employment Policy Statement.

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American University

Robert Taggart
Remediation and Training
Institute

Marta Tienda
University of Wisconsin

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The Youth Employment Situation

The Depression For Youth

The 1980s recession has been a depression for youth, particularly minority youth. Teenage unemployment rates averaged 17.1 percent over the 1977-1980 period, but 21.2 percent from 1981 to the present, increasing by half from a low of 16.. percent in 1979 to a high of 23.2 percent in 1982. For 20- to 24-year-olds, unemployment rose from a 10.2 percent average from 1977 through 1980, to 13.4 percent subsequently, or from a low of 9.0 percent in 1979 to a high of 14.9 percent in 1982. There would have been .5 million fewer unemployed teens in 1983, and .9 million fewer unemployed young adults, if the 1979 unemployment rates had been maintained:

Trends in Youth Unemployment Rates

	1979	1983	1983-1979
Teen (16-19) Unemployment	16.1%	22.3%	+ 6.2%
Nonwhite Teen Unemployment	33.5	44.8	+11.3
Young Adult (20-24) Unemployment	9.0	14.5	+ 5.5
Adult (25+) Unemployment	3.9	7.5	+ 3.6
Teen - Adult Unemployment	12.5	14.8	+ 2.3
Nonwhite Teen - Adult Unemployment	29.6	37.3	+ 7.7
Young Adult - Adult Unemployment	5.1	7.0	+ 1.9

Though staggering, these unemployment rates understate the true extent of the tragedy because young workers tend to leave the labor force when job search proves futile, or else settle for part-time jobs. The subemployment rate for teenagers (i.e., including the unemployed, discouraged, and workers on reduced hours) rose from 23.9 percent in 1979 to 35.7 percent in 1983. There would have been a million fewer subemployed teens in 1983 if subemployment had remained at the 1979 incidence. For young adults, the subemployment rate rose from 14.2 to 24.1 percent, representing an increase of 1.6 million subemployed:

Trends in Youth Subemployment Rates

	1979	1983	1983-1979
Teen (16-19) Subemployment	23.9%	35.7%	+11.8%
Nonwhite Teen Subemployment	44.6	59.2	+14.6
Young Adult (20-24) Subemployment	14.2	24.1	+ 9.9
Adult (25+) Subemployment	7.3	13.2	+ 5.9
Teen - Adult Subemployment	16.6	22.5	+ 5.9
Nonwhite Teen - Adult Subemployment	37.3	46.0	+ 8.7
Young Adult - Adult Subemployment	6.9	10.9	+ 4.0

The employment/population ratio for teenagers dropped from 48.7 percent in 1979 to 41.5 percent in 1983. There would have been 1.1 million more teenagers employed in 1983 if employment chances were the same as in 1979. Young adults also lost 1 million jobs, as their employment/population ratio dropped from 70.6 percent to 66.0 percent:

Trends in Youth Employment Rates			
	1979	1983	1983-1979
Teen (16-19) Employment/ Population Ratio	48.7%	41.5%	- 7.2%
Nonwhite Teen Employment/ Population Ratio	27.1	20.5	- 6.6
Young Adult (20-24) Employment/Population Ratio	70.6	66.0	- 4.6
Adult (25+) Employment/ Population Ratio	59.8	58.4	- 1.4
Teen - Adult Employment/ Population Ratios	-11.1	-16.9	- 5.8
Nonwhite Teen - Adult Employment/Population Ratios	-32.7	-37.9	- 4.8
Young Adult - Adult Employment/Population Ratios	-10.8	- 7.6	- 3.2

Most critically, an entire cohort of young adults were delayed in career entry. While 22.3 percent of teenagers in the civilian noninstitutional population held full-time jobs in 1979, only 14.7 percent were full-time workers in 1983--a loss of 1.2 million full-time jobs, or <u>one-third</u> of the total for teens. For 20- to 24-year-olds, the full-time employment rate fell from 54.5 to 49.4 percent, representing a loss of 1.8 million full-time jobs, or one-seventh of the total for young adults:

Trends in Youth Full-Time Employment Rates

	1979	1983	1983-1979
Teen (16-19) Full-Time Employment/Population Ratio	22.3%	14.7%	- 7.6%
Nonwhite Teen Full-Time Employment/Population Ratio	11.9	6.9	- 5.0
Young Adult (20-24) Full-Time Employment/ Population Ratio	47.9	49.4	- 8.5
Adult (25+) Full-Time Employment/Population Ratio	51.5	49.1	- 2.4
Teen - Adult Full-Time Employment/Population Ratios	-29.2	-34.4	- 5.2
Nonwhite Teen - Adult Full-Time Employment/ Population Ratios	-39.6	-42.2	- 2.6
Young Adult - Adult Full-Time Employment/ Population Ratios	6.4	.3	- 6.1

For minority teens, the employment situation was worse in 1983 than at any time in our nation's history. The employment/population ratio of black teens had risen from 22.3 percent in 1976 to 25.4 percent in 1979. But from 1979 to 1983, black teen employment declined by three-tenths as the employment/population ratio dropped to 18.7 percent. Hispanic teenagers fared even worse in relative terms, as their employment/population ratio dropped by 8.4 percentage points between 1979 and 1983:

	Employment/Population Ratios		
	1979	1983	1983-1979
White Teens	52.6%	45.9%	-6.5%
Black Teens	25.4	18.7	-6.5
Hispanic Teens	40.8	32.4	-8.4
Black ÷ White Teens	48%	41%	
Hispanic ÷ White Teens	78	71	

This collapse of the youth labor market occurred despite favorable demographic trends. The absolute number of teens in the civilian population actually dropped by 7 percent from 1979 to 1983, while the growth rate of the young adult cohort slowed. Additionally, the 15 percent real minimum wage cut resulting from inflation should have increased employment for youth if there were any merit to the arguments about the disemployment effects of the minimum. However, macroeconomic conditions overwhelmed these positive factors, while government policies added insult to injury. In the face of rapidly rising unemployment, youth job programs were cut drastically. All youth were affected, but retrenchment was especially cruel for black teenagers--since in 1979 over two-fifths of all black 14- to 19-year-olds who held jobs during the year worked in government employment programs. Between 1979 and 1983, teen (14-19) unemployment rose by 407,000, while full-year equivalent employment in government programs dropped 171,000, representing two-fifths of the unemployment increase. Nonwhite teen unemployment rose by 76,000, so the

estimated 69,000 full-year equivalent job loss in government employment programs was without question the primary negative factor.

Prospects For The Decade

Recovery has been slow in the youth labor market. In April 1984, the seasonally adjusted teen unemployment rate of 19.4 percent was just a shade below the 19.9 percent rate in 1975--previously the worst recession since the Great Depression. For black teens, the 42.8 percent rate exceeded the 36.9 percent level for nonwhites in 1975. Youth unemployment rates remained substantially above, and employment/population ratios substantially below, those in 1979:

	1979 Annual Average	April 1984 Seasonally Adjusted	1984-1979
Unemployment Rates			
Teens	16.1%	19.4%	+3.3%
Black Teens	36.9	42.8	+5.9
Young Adults	9.0	12.2	+3.2
Employment/Population Ratios			
Teens	48.7%	43.8%	-4.9%
Black Teens	27.1	21.8	-5.3
Young Adults	70.6	68.0	-2.6

However, if the laws of supply and demand have any relevance in the youth labor market, the future looks somewhat more promising. In 1970, the 24.7 million 18- to 24-year-olds who

were the primary entrants into the labor force and the new competitors for jobs represented 27.3 percent of 25- to 64-year-olds. In 1980, there were 30.3 million youth to be absorbed, representing 28.1 percent of 25- to 64-year-olds. The projected youth population in 1990 is only 25.8 million, or 20.2 percent of 25- to 64-year-olds. The reduced number and relative share of youth entrants into the labor force should ease their employment problems.

But these demographic shifts are a two-edged sword. With fewer entry workers, employers will have less luxury to pick the more able youth and discard the remainder. Moreover, the demographic composition of the declining youth cohort is changing significantly. In the 1980 Census, 12.0 percent of 25- to 29-year-olds were black and 7.0 percent were of Spanish origin. But among 10- to 14-year-olds, the minority shares were 14.7 percent and 8.1 percent, respectively. Considering that the dropout rates of blacks are half again those of whites, with the dropout rates of Hispanics half again those of blacks, and in light of the evidence that half of Hispanic and black 17-year-old students read at less than the 7th grade level compared to less than a tenth of non-Hispanic whites, the entering cohort of high school graduates with moderately adequate reading and math skills will be roughly a fifth smaller in the late 1980s than in the late 1970s, whereas the number of jobs will have expanded by a fifth.

Favorable demographic trends will not necessarily solve the problems of youth who lack basic skills and academic credentials. There are libraries of longitudinal studies documenting the

payoff of the high school diploma. Adjusting for all other differences in background, youth who complete high school and do not go on to college can expect to earn at least three-fifths more than dropouts over the next ten years, and those who pursue higher education and complete college can expect to earn a third more than high school graduates who forsake further education. The negative effect of dropping out of high school has been increasing over the last several decades (even as the positive earnings impact of college completion has been eroding).

Whatever the level of attainment, those with measurably greater basic skills tend to do better over time. Among 1972 high school students with no further education, men scoring a standard deviation above the norm in reading and math achievement in high school had incomes 5 percent higher seven years later, after controlling for all other differences. For women, the payoff for a standard deviation of greater achievement was 10 percent seven years after leaving school.

Yet according to most tests, the basic skills of teens and young adults have deteriorated, or at best remained constant, over the last decade. Dropout rates have not improved since the 1960s, and if absenteeism is factored in, the situation may actually have deteriorated. The youth cohorts of the 1960s and 1970s entered the labor market with basic skills which were, on average, above those of adult workers; but tomorrow's youth will be competing against equally well educated, yet more experienced and senior, labor force participants. Meanwhile, requirements for basic skills have probably increased as "lifting and hauling" jobs have declined. Thus, unless the basic skills issue is

addressed, it is possible that minority and poor youth will remain unemployable or resigned to only the most dead-end jobs even if the overall situation for youth improves.

Lessons From The 1970s

Can anything be done? Over the last several decades, billions of dollars have been spent trying to mitigate or prevent youth employment problems. The problems persist because each new cohort of youth needs help, and because resources have been marginal relative to the need, but also because many mistakes have been made in designing and implementing youth programs. Yet no social problem has been more carefully studied, and this extensive research and experimentation yields some important lessons which can increase the effectiveness of our nation's youth policies for the remainder of the 1980s. Combined with favorable demographic trends, well-designed and adequately-funded programs can substantially redress this long-standing issue:

Lesson 1. Employment Alone Is Not Enough

Work experience, by itself, has limited longer-term payoffs for youth. A first job experience may help young teenagers get an earlier start in labor market entry. When subsidized jobs are linked to and provide a try-out for unsubsidized jobs in the public or nonprofit sector, some participants will make the transition and benefit over the long run. But in most other cases where youth jobs are established and operated separate from regular employment tracks, the work experience alone has little impact on post-program labor market success.

In contrast, the payoffs of academic and functional remediation are significant and long-lasting. Most of the disadvantaged youth who need jobs have serious basic skills deficits. For instance, CETA youth program participants averaged a 7th-grade reading level, while Job Corpsmembers entered with 5th-grade skills. Obviously, such basic skills deficiencies severely limit future employability no matter what occurs in employment programs; but they also restrict the types of work and training which can be offered. Those unable to read, write, or compute can only be trained for or assigned to the most menial tasks offering limited career potential.

Hence, work and training activities can and should be linked with remediation efforts. Jobs can be used to keep young people in school. The 1970s Entitlement experiment, which conditioned jobs on school attendance, reduced dropout rates and increased school return rates, as well as raising post-school earnings. Other programs combining half-day remedial education or employability development with half-day work for out-of-school youth or in summer programs, increased retention in the remedial activities and resulted in learning and earning gains. In Job Corps, structured work activities provided a way to apply vocational skills and a balance to classroom activities. All these remediation/work combinations had greater impacts than work experience alone.

However, even when education and training are combined with work, as they should be, there are obvious limits to what can be accomplished with short-term interventions. For instance, if 100 hours were set aside for remedial education in a 250 hour summer

program, even the best instruction would average only a grade or two gain in reading or mathematics in this time. This increment would be significant for someone with 6th-grade skills, but further progress would be needed to assure employability. Therefore, jobs programs with remediation components should be used as a mechanism for screening disadvantaged youth for more meaningful education and training activities, providing them an opportunity to demonstrate their capacity and commitment to take advantage of more intensive human resource investments. The chance to qualify for meaningful training or advanced education will give an added incentive beyond money alone to perform in the work assignments. It means that subsidized jobs will not be dead-ends, no matter how menial the work.

Lesson 2. Avoiding The Path Of Least Resistance

Service deliverers tend to follow the path of least resistance, and jobs programs are easier to mount and manage than remediation activities. Effective work and learning combinations will not emerge without a great deal of effort and substantial investments in the remedial education infrastructure. For instance, Congress realized in its 1978 amendments to CETA that the Public Service Employment program was not meeting the long-term needs of the disadvantaged, and it mandated an increasing percentage of funds be spent on remediation activities supplementing work. But this requirement came too late, as PSE was being reduced. Delivery agents were slow to respond because it was easier to continue business as usual, but also because the

local education alternatives for assisting the disadvantaged and integrating with work activities were often inadequate. Under the supported work experiment for dropout youth, education components were required after early evidence that work alone was not enhancing post-program earnings. Some of the best delivery agents in the country who had been selected to operate supported work projects struggled, and frequently failed, to mount education components. Requiring basic skills remediation is not enough; assistance is also required to build delivery capacity.

The two successful illustrations of this point are Entitlement and Job Corps. One aim of the Entitlement program was to lure dropouts back to school by the promise of a job. It was soon discovered, however, that early school leavers would not return to the same settings in which they had experienced previous failure. Funding therefore, was set-aside for the establishment of alternative schools, with flexible schedules that would facilitate work/education combinations. The federal government, through its management intermediary, pushed hard to expand such offerings. The result was a significant increase in local alternative education efforts and in subsequent dropout participation over the course of the program.

The federally-run Job Corps served more poor dropout youth in the late 1970s than all the rest of CETA local programs, though its budget was only a fifth of all youth programs. Only the federal government was apparently willing or able to provide the comprehensive and intensive services needed to really help those with the most severe problems. But the success of Job Corps resulted from the program approach as much as the service

mix. Job Corps invested heavily in facilities and materials, for instance, with significant computerization of management and instruction. It used the best available instructional materials and standardized many curricula elements. It required these as the core of its comprehensive services. Such investments and structuring will be needed in local programs if work and education combinations are to be effectively mounted on a large scale.

Lesson 3. Incremental Expansion

A primary argument against youth employment and remediation programs is that the youth labor market situation will improve before adequate numbers of work and training opportunities can be mounted. The record speaks for itself. The Youth Employment and Demonstration Projects Act (YEDPA) was signed in August 1977. By the next summer, there were 250,000 more summer enrollees as well as nearly 200,000 youth in the newly implemented programs. Job Corps was also expanded by half in just eighteen months, and 75,000 youth got jobs under the expanded Public Service Employment program.

The Entitlement experiment under YEDPA tested the limits of youth work and remediation initiatives. In 17 areas of the country, fully subsidized jobs in the public or private sector were guaranteed for all poor youth in school or returning to school. Meeting this guarantee required a fivefold expansion of youth job programs in the target areas within one year, as well as the creation of the alternative education opportunities needed to attract dropouts. Yet in almost all of the sites, enough jobs

were generated within a year of project start-up to fulfill the guarantee for eligible youth, and within another year, substantial alternative education activities were mounted. A General Accounting Office study of worksites revealed that the subsidized Entitlement jobs were generally as meaningful and well supervised as those in less intensive youth programs elsewhere in the country. Entitlement thus demonstrated the feasibility of expanding youth programs far beyond the already substantial levels supported under CETA in the late 1970s.

However, there was an undeniable loss of efficiency from such hasty implementation. The rapidly expanded fiscal 1978 summer program was justifiably criticized for deficient supervision, overcrowded worksites, and limited monitoring. It required two years, with intensive site reviews by federal officials, and federally-mandated monitoring by local administrators, to achieve documented improvement in the quality of the program. Inadequate worksites, as judged by the General Accounting Office, declined from a fourth to an eighth of the total. School-to-work transition programs launched under YEDPA had average enrollments which were less than three-fifths of peak enrollments in their first school year of operation. The ratio of average to peak enrollment increased to 85 percent in the second school year of operation. But the programs did not become fully operational until the third year. Similarly, the first-year operating costs of Job Corps and Young Adult Conservation Corps centers were more than a third higher than for existing centers; operations did not achieve stable state until the third year of the operation. Though it proved possible to move rapidly

and then correct problems subsequently, a more measured phase-up of the youth initiatives would have reduced start-up costs significantly.

Lesson 4. Balancing The Portfolio

Scale was achievable because the 1970s youth initiatives were balanced in terms of target groups and areas, treatment approaches, and delivery mechanisms. The Youth Employment and Demonstration Projects Act of 1977 (YEDPA) was an umbrella which encompassed most Congressional notions and expert recommendations about what should be done for whom. In determining the allocation of resources among titles and sections, and the different allocation formulae and eligibility rules for each, Congress had to weigh all interests and relative needs. The Young Adult Conservation Corps (YACC), designed for a mix of all youth and concentrated in the primarily rural areas where there were federal lands, was balanced by Youth Community Conservation and Improvement Projects, focused on neighborhoods and serving mostly 16- to 19-year-old dropouts. Under Youth Employment and Training Programs (YETP), funds were allocated by a needs-based formula to all areas for in-school jobs for the disadvantaged, but also for less costly transition services for the nondisadvantaged. YETP was balanced by the smaller Entitlement program, concentrated in just a few areas and targeted on poor and overwhelmingly minority youth. There were also very significant set-asides which the Secretary of Labor focused to areas of greatest need. YEDPA was initiated in the context of already announced expansions of the

summer program, public service employment and the Job Corps, which provided the other elements of the portfolio--short-term summer jobs for 14- to 16-year-olds, more meaningful work for mostly 19- to 21-year-olds, and comprehensive education, training and work for the "hardest of the hard core." Thus, there was a pluralistic approach for what is a pluralistic problem.

This portfolio of youth initiatives proved remarkably balanced. For instance, when the Carter Administration's Office of Management and Budget eliminated the YACC program after a few years because it was considered too costly and not adequately targeted on youth most in need, support for the proposed Youth Act of 1980 suffered because it then promised little for the sons and daughters of the middle class. On the other hand, the elimination of the Entitlement program, because it was considered too targeted yet too costly to expand to all areas, eliminated the most tangible exemplars of what could be accomplished in poverty areas, reducing the strong support from the Entitlement sites and their representatives.

Institutional, as well as political, balance was achieved by the 1970s youth initiatives. There were, for instance, school set-asides under YETP which provided resources and incentives for cooperation between the education and employment and training systems. Discretionary funds for exemplary programs were used as another carrot for collaboration. Some institutional change was thereby achieved in linking work and education. Under YACC, the Departments of Labor, Agriculture, and Interior, as well as the states, shared decisionmaking authority. Job Corps was federally-directed, but utilized private for-profit management

agents to operate most of the centers. A nonprofit intermediary, the Manpower Demonstration Research Corporation, was used effectively to oversee the Entitlement program, while community-based organizations and other intermediaries were used to manage clusters of demonstration projects nationwide with the aim of establishing them as permanent replication and technical assistance agents. Local and state governments had primary responsibilities for the formula-funded YEDPA initiatives and the summer program, but the federal monitoring and plan approval role was strengthened. Discretionary resources were used as incentives to try to influence state and local decisions, for instance, in assuring "special consideration" to neighborhood and community-based groups. Without arguing that the 1970s' programs were ideal, it is important to recognize the value of spreading administrative burdens by using a diversity of approaches and delivery arrangements.

Lesson 5. Reasonable Compensation With Performance Incentives

Wage levels were an issue in the 1970s' youth initiatives, as they were in the New Deal youth programs, and as they continue to be in the debate over a youth minimum wage differential. Should fourteen-, fifteen- or sixteen-year-olds with no skills or work experience receive the full minimum wage for summer or in-school jobs when the majority of young teenagers in unsubsidized employment earns less than the minimum, when the unemployed parents of participants might be more than willing to accept minimum wage jobs, and when unrealistic wages reduce public

support as well as the number who can be served in public programs? Under CETA, the minimum wage was mandated for all hours of work. This led to the charge that youth jobs programs were primarily income transfers and that society was not getting its money's worth. Indeed, studies of the value of output of these programs usually priced the products at $.70 or less for each dollar invested--a not surprising finding since he disadvantaged youth participants had limited skills and experience.

Yet there was and continues to be a straightforward solution to the wage dilemma. The Fair Labor Standards Act already authorizes a learner's differential for youth with little or no previous work experience. This approach should be used in youth programs. It is not an added burden because previous work experience is already determined at entry, and performance in subsidized jobs is supposed to be documented. Likewise, work can be combined with mandatory and unstipended participation in remedial and preparatory activities, reducing compensation per hour of participation without challenging the Fair Labor Standards Act. Local areas can best determine the mix of work and training, so that the compensation per hour of participation reflects local conditions.

Allowances were another problem under CETA, which required a minimum wage hourly stipend. There were inequities, particularly in education activities where qualifying youth received stipends while other youth participating in the same activities, and perhaps only a little better off, received nothing. The stipends attracted participants wanting the allowance rather than the learning opportunity. They encouraged malingering and

discouraged completion, because allowances usually averaged more than post-program earnings. There was little latitude for performance incentives. The Job Training Partnership Act responded by drastically reducing all allowances, but this "meat-axe" approach undermined the ability of youth from low income families to participate in the long-term remediation they frequently require. In existing and future programs, the aim should be to cover participation costs such as transportation, to assure a poverty level subsistence by "topping off" other cash and in-kind income, and, most critically, to provide incentives for completion and accomplishment. Job Corps provides a model. It offers small monthly subsistence stipends in addition to room and board, but these stipends are raised with length of stay and performance. Readjustment bonuses are provided on return to the community and registration with placement agents, and these bonuses are also conditioned on length of stay. Nonfinancial incentives such as awards or assignment to attractive education and training opportunities are also used in Job Corps as motivators.

Lesson 6. The Need For Standards And Standardization

The Achilles heel of youth programs has always been management. Almost all the different intervention models tested in the 1970s yielded modest positive outcomes in expected directions, usually in proportion to their intensity and cost. Per dollar expended, one approach might be judged a little better on average than another, but the differences were marginal. However,

performance varied enormously among sites supposedly implementing the same model. Process evaluations revealed in that all too many projects, operating procedures, curricula, services and staffing were totally inadequate, violating common sense and ignoring the lessons and approaches of the more effective sites.

The youth program interventions which were most successful--Job Corps, Entitlement, 70001, Jobs for America's Graduates, the Career Intern Program and Ventures in Community Improvement--varied enormously in service mix and target group, but shared several key management features:

--All standardized the requirements for the core service components, in some cases even specifying the curriculum, as well as the requirements for staff and staff training.

--All networked geographically distributed delivery agents responsible for implementing the same model, so they could share experiences and learn from each other.

--All introduced a degree of competition in choosing delivery agents, required a demonstrated commitment or capacity, and held the delivery agents to common accountability standards.

--All used outside intermediaries to provide technical assistance and monitoring and to negotiate corrective actions where problems occurred.

--All experimented with or implemented up-to-date instructional technologies and/or management information systems in order to improve the efficiency of services.

Job Corps is the paradigm. It sets detailed standards for tracking inputs and outputs, as well as specifying core components. It has developed some of its own instructional

materials which are part of a specified academic curricula; and it achieves efficiency through large-scale production and acquisition of materials and equipment, with associated volume discounts. It has conducted periodic specialized training of managers, health and food service personnel, teachers, and residential advisors. It has invested in computers and in the development of new training activities. Private for-profit and nonprofit agencies manage the Job Corps centers on a performance basis within detailed federal guidelines, subject to federal monitoring and disciplined by periodic recompetition.

It appears, then, that the primary means for achieving efficiency in the private sector--standardization, quality control, large-scale production or franchising, personnel training, capital investments to achieve greater productivity, accountability and competition--are also the means to achieve efficiency in youth employment programs. While the more successful programs all shared in these features, the run-of-the-mill programs were too often ad hoc, unstructured and short-lived activities implemented by delivery agents with a political lock on resources and with little accountability for what occurred within program hours.

Thus, the key to improving overall performance of youth programs is not in finding an optimal program design, but rather in assuring at least minimal performance by all delivery agents in providing the basic service components in whatever service mix is adopted. The "building blocks" of youth programs can only be improved, and their quality assured, by better specification of

standards, program content and procedures, as well as through technical assistance combined with monitoring of services not just outcomes. The best available curricula and materials for employability development and remedial education need to be identified, packaged and widely distributed. This requires investments in the remediation infrastructure, not just the purchase of services from whatever may exist locally. These approaches are particularly necessary if computers and other effective instructional technologies are to be widely adopted, since there are economies to be realized in large-scale purchases, since it is so expensive to screen and develop software, and since most delivery agents are computer neophytes. To date, the remedial education and job training systems lag woefully behind schools in the use of computers.

Lesson 7. Creating Opportunity And Service Pyramids

It takes time to appreciably increase basic skills, longer to provide meaningful vocational skills, and longer still to provide both. Longer-term interventions cost more. Yet they also pay off more for society and for participants. The net earnings impacts of CETA classroom training of 40 weeks or more duration were six times the impacts of training of 20 or fewer weeks duration; and similarly, the earnings gains of Job Corps completers were raised by a fourth while those of Job Corps dropouts were raised only marginally.

Yet the average length of stay in CETA youth nonsummer programs was just five months, or typically between 250 and 500 participation hours. This limited duration reflected delivery

agent emphasis on short-term work experience, but also the fact that youth are inherently volatile, and their participation tends to be short-term and episodic. It is not reasonable to design longer duration interventions which require completion in order for benefits to be realized, because the completion rate for youth participants will always be low.

The best approach in dealing with disadvantaged youth is to sequence short-term interventions so that they cumulate, and so that performance in each episode determines eligibility for and placement in the next step. This concept of cumulative and sequenced activities was contained in the aborted Youth Act of 1980, but the concepts were adopted in the exemplary youth programs section of the Jobs Training Partnership Act, which would organize local youth programs into service and opportunity pyramids. Youth would be provided job search assistance universally, and a first work experience if needed, in their early teens. School-to-work transition activities including remediation would be provided as a next stage. Short-term remediation, in some cases included with work or training, would be provided to those leaving school without adequate skills. Disadvantaged youth demonstrating commitment and achievement in the short-term remediation would be routed to Job Corps or entry training activities which would also include remediation. If they performed in this level of activity, some would be given a try-out for entry employment in the private sector, while a minority of the most capable and dedicated would be directed to longer-term vocational training oriented to better paying careers

and with guaranteed training-related placements. Performance at each step in the pyramid would dictate movement to the next stage. At each stage, there would be a sorting so that only those needing further assistance, but also willing and able to use it, would progress. And even though only a minority would advance to long-term career training, the chance for a "quantum leap" in career prospects would provide incentives for the motivated among disadvantaged youth participants.

Youth programs fall far short of this ideal. Under CETA (and now under JTPA) each funded youth activity usually operated independently, with no interconnection or sequencing of services. Management information systems could, but rarely did, track performance within activities, or the progression of activities over time for an individual. In other words, the norm was (and continues to be) short-term band-aids rather than sequenced, competency-based services which could lead to meaningful opportunities for committed and able participants.

Lesson 8. Documenting Youth Competencies And Employer Requirements

Employers report in survey after survey that what they are seeking in young employees is, first, the basic skills needed to learn on the job, and, second, the dependability and world-of-work skills to show up on time and follow instructions. Vocational skills are less frequently required, although important for some jobs such as secretarial work. Employers do not usually give academic or other tests, and have little basis for judging the dependability of those with limited work experience, so they

judge on the basis of academic credentials and other considerations such as vouching by acquaintances or relatives, best bets based on previous experiences with similar individuals, or prejudice. Employment and training programs recruit and serve those unable to secure jobs in the private sector. Unless these enrollees attain academic credentials recognized by employers, or are sorted so that those who prove to be dependable and trainable are identified, participants who are disadvantaged at entry will be equally disadvantaged at exit.

For this reason, the Youth Act of 1980, and the Job Training Partnership Act's exemplary youth programs section, emphasized competency-based youth services that would document each participant's basic skills, work maturity, knowledge of the world-of-work and vocational skills. The basic notion is simple, as illustrated by the General Educational Development (GED) tests, which are now used in every state to document minimum high school-equivalent skills. Employers accept the GED. Individuals with the credential earn more than like individuals without it. Hence, if more participants acquired such credentials, their gains would be greater. The effectiveness of programs could also be better monitored if there were a system for benchmarking the achievements of participants. However, other than the GED and the diploma, there are few other widely-accepted credentials. One aim of JTPA's exemplary youth programs would be helpful to and accepted by employers--specifically, a certification of the basic skills for entry employment (perhaps sixth-grade level equivalence which would indicate the ability to read instruc-

tions, make change and the like), a work maturity benchmark based on attendance and performance in program activities, and a functional competency benchmark based on tests of occupational knowledge, consumer economics or other applied skills. As with the GED test, different states or service delivery areas might establish their own standards for certifying competence within these domains; what is important is that the employers understand and accept the standards. Some interpreters have overly complicated this straightforward notion, so that the resulting JTPA benchmarking systems are incomprehensible to participants, administrators, and, more critically, to employers. Clear and simply quality standards remain a vital ingredient if youth programs are to access private sector jobs.

It is equally critical, however, for employers to specify more clearly what they want. One employer's interpretation of what are "basic" skills may be completely different than another's. Likewise, the required level of vocational skills or work maturity may differ substantially from job to job. Public programs cannot meet employer expectations if these expectations are unclear or unstated. While generalized certifications are useful, more detailed job-related skill requirements are necessary, particularly when focusing on career entry, rather than aging vat or transition, jobs.

Apprenticeship is the traditional mechanism for specifying what skills and training are required for jobs. The apprenticeship system in the U.S. is far less developed than in other industrialized nations, with apprenticeships now representing .3 percent of employment. Yet experiments in the 1970s demonstrated

the ability to expand apprenticeship into new occupations, as well as to begin apprenticeship training during the school years in order to improve the school-to-work trainsition process. As the supply of entry workers declines over the 1980s, conditions in the U.S. will become more like those in other industrialized nations in the 1970s, where competition for entry workers led to increased employer acceptance of the apprenticeship approach. Apprenticeship could and should be expanded, as well as linked more closely to remediation and training activities.

A Youth Strategy For The 1980s

Applying these lessons, a youth strategy for the remainder of the decade would have three primary thrusts: First, there should be expanded efforts to address basic skills deficiencies through increased emphasis on academic and functional instruction and increased investments in computers and other remediation technologies. Second, there should be an incremental approach towards a national youth service through the implementation of a balanced portfolio of job creation measures targeting on different segments of the youth employment problem, balancing the administrative burdens, and combining basic skills instruction with work and service. And third, there should be efforts to better structure or "framework" the youth labor market by establishing widely-accepted competency standards, reinvigorating the apprenticeship system, and reorganizing youth programs into a structured, cumulative and performance-based sequence of activities over the teen and young adult years which would provide

"quantum leap" career opportunities for the portion of disadvantaged participants willing and able to stay the course.

The Basic Skills Thrust

The Job Training Partnership Act, including its Job Corps and summer youth program components, should be a primary mechanism for addressing the basic skills needs of disadvantaged youth. The law provides the wherewithal. Only the direction is lacking. Congress and the administration should declare that basic skills remediation is a primary goal of JTPA, and state and local decisionmakers should reflect this in their targeting and service plans. The set-aside for year-round youth programs under the block grant portion of JTPA should be raised from 40 percent to 50 percent, reflecting the easing of the recession and the need to put greater priority on structural, rather than cyclical, employment problems. Within this set-aside, at least half of resources should be targeted for the exemplary youth programs section of the law, which mandates and appropriately integrates basic skills activities.

The summer program, which serves 650,000 disadvantaged youth each year, should be expanded to 1 million slots and refocused to combine work with remedial education and employability skills development. A suggested approach is to require participation in unstipended remediation activities during one-fourth to one-half of participation hours in order to qualify for employment. Cash incentives might be provided for achievements in the education components, or a "Career Investment Account," patterned after the

GI Bill, might be credited for hours of participation in remediation, which would later finance tuition and support for further education and training. This summer remediation and work combination--which is allowable and, indeed, encouraged under current law and regulations--would help overcome the large educational slippage experienced by the disadvantaged during the summer months. It would reduce compensation per hour of participation without reducing wages for hours of work. It would increase learning hours for disadvantaged youth. And it would cost no more than the existing program, since the education component and any participant incentives could be financed with the savings from the reduced wage bill.

To deliver the basic skills instruction in the year-round and summer JTPA programs, learning centers could be established and operated at low cost in community-based organizations, public housing, recreation facilities, alternative and regular schools, libraries and churches. These centers would use remedial approaches which have demonstrated their effectiveness--individualized self-paced instruction, with a competency- and experience-based curriculum covering both academic and functional objectives, using computer-assisted and -managed instruction.

To build the remediation infrastructure, a Job Training Technologies Act could supplement the Job Training Partnership Act by providing loan guarantees or loans for the purchase of education and training equipment and courseware, including computers and software. These would be used by JTPA delivery agents operating learning centers. The loans would be amortized over several years, with annual payments chargeable to "training

materials" under JTPA grants. The loans or guarantees would be allocated to states and Service Delivery Areas in proportion to their JTPA allocations, and the same decisionmaking rules would pertain. The only additional requirement would be that the recipients submit technical plans indicating how they would use the equipment and materials effectively, how they would deliver technical assistance to computer users, and how they would centralize purchasing to achieve volume discounts on computers and courseware. A "basic skills crusade" under JTPA, supported by the resources for infrastructure development, could establish and sustain five thousand learning centers before the end of the 1980s, which could serve over a million learners, nearly doubling the current levels of remediation activities.

Job Corps effectively serves the most disadvantaged youth, combining work with education and training in a balanced mix. It is needed for youth from rural poverty areas who cannot be easily reached by local remediation activities, as well as those from urban areas who need a positive residential setting. Job Corps should and could be incrementally expanded by 10,000 slots to a capacity of 50,000. This expansion should include the establishment of up to 10 Technology Investment Centers with a capacity of 250-500 participants each. The high tech centers would focus on robotics, health technician training, computer operations and other occupations judged to have the most promising career potential. They would provide multi-year training, combined with internships in the private sector, following models already used to train computer customer

engineers in Job Corps and engineering technicians at the Oak Ridge project. The best performing disadvantaged students in residential and nonresidential Job Corps programs would be carefully selected for these advanced work/training opportunities, and referral opportunities would also be allocated to state and local JTPA delivery areas.

Anticipating increased recruiting difficulties in the voluntary Armed Services as the economy recovers and the size of the eligible population declines, it is vital to establish an ongoing mechanism for linking JTPA and Job Corps with the military, which is the most important employer of young adults. Among individuals who have tried to enlist in the Armed Forces but failed to qualify are many who could effectively serve if they had the needed basic skills. However, the attrition risks and preparatory costs to the military are too high. JTPA and Job Corps could reduce these risks and share some of the costs by providing extended remediation geared to the Armed Services Vocational Aptitude Battery, with guaranteed enlistment for those completers meeting military standards and voluntarily choosing a military career. JTPA and Job Corps would, thus, serve as a sorting and preparatory program identifying those among the disadvantaged with the maturity and ability, bringing them up to entry requirements. Thus, the Armed Services would get applicants who could meet all standards and who would be demonstrably low-risk accessions. JTPA delivery agents and Job Corps would get certifiable job placements using the same learning centers developed for civilian remediation. The disadvantaged who would have otherwise been rejected by the Armed

Forces would get a chance at good jobs and training in the military.

To promote this approach, it might be legislatively stipulated that 10 percent of Armed Forces accessions be drawn from JTPA and Job Corps.

Towards A National Youth Service

There is broad public support for the concept of a National Youth Service which would provide productive and challenging tasks for a mix of all youth and young adults, which would require some contribution of their time and energy as a service rather than a job, but which would also help prepare them for future careers and save for continued education and training. However, the costs and the administrative burdens of a National Youth Service would be overwhelming if it were implemented hastily. The preferred approach is to build up over time a balanced portfolio of jobs programs which are consistent with youth service principles, which spread administrative responsibilities, and which do not ignore the needs of the disadvantaged. As the portfolio grows and then stabilizes, and as changing supply and demand factors improve the situation for youth in the later 1980s, the work features of these programs could be reduced in favor of service, with educational benefits expanded as wage payments are reduced.

To achieve consistency with the National Youth Service concept, all youth jobs programs should include unstipended education components. As a guideline, at least a third of appro-

priated funds for any work/service activities should be reserved for education and training, and all participants should be required to spend at least one-third of participant hours in education components. All jobs programs should provide credits in a "Career Investment Fund" for hours of voluntary service or unstipended remediation, with incentive contributions to reward exemplary service and learning achievements. The accumulated funds could be used to support future education and training activities.

To achieve consistency with the mixing concept of the National Youth Service, it would be required that at least one-third of the participants in each of the jobs programs be economically disadvantaged. The programs targeted to poverty areas would be mounted first, and these would likely attain a higher proportion of disadvantaged, so that in the phase-up period, probably half of participants in the portfolio of youth service programs would be economically disadvantaged.

Based on successful models from the 1970s, the portfolio might include the following approaches:

o New Careers. The expansion of basic skills and youth service initiatives will generate demands for instructional aides, placement personnel, counselors and supervisors. To the maximum extent feasible, such jobs should be reserved as "new careers" for successful completers of these same programs. For instance, community-based learning centers can utilize trained paraprofessionals, significantly reducing the teacher/learner ratio with no sacrifice of instructional effectiveness. Those who themselves learned in the centers would be best able to help

others. A structured sequence of front-end and continuing paraprofessional training could provide the background and qualifications needed to work in the learning centers. Similar training sequences could be developed for placement personnel and counselors. Certifications or apprenticeships would be developed to document qualifications. The New Careers component would cover the wages and training costs for a one-year sequence, including several months of full-time preparation followed by mixed work and training assignments. Perhaps 25,000 new career opportunities could be developed over the next several years.

o Public Service Apprenticeships. State and local governments would be provided federal funding covering the wages and administration of two-year apprenticeships for JTPA-referred, out-of-school youth age 19-21. The state and local government would pledge to hire each completer in a permanent public sector career track at the end of the two-year assignment. An apprenticeship plan and contract would be prepared for each participant, detailing the education and training activities which would occupy at least a third of the internship, and specifying the targeted career job. JTPA would handle the referral and would support a "try-out" employment period before the beginning of the internship in order to allow the state or local government unit a chance to determine the potential of the candidates to meet the career requirements. At least 50,000 internship opportunities could be created in this way.

o Community Improvement Ventures. The Ventures in Community Improvement demonstration mounted in the 1970s documented the feasibility and effectiveness of large-scale work/training projects (50-100 participants) undertaking restoration, renovation and other tangible community improvements, with extensive skills training and remediation structured as part of the work, with a high supervisor/participant ratio, utilizing skilled craftsmen as supervisors, and drawing on local resources for materials and equipment. The projects, targeted to poverty areas, could be selected by a national competition with incremental implementation based on rankings in the competition and on the availability of funds. Following the successful management approach of the earlier demonstration, a national nonprofit intermediary, with business and labor representation, would provide technical assistance and monitoring to the selected sites in order to assure quality and consistency with the model. The projects could be operated by local governmental agencies, nonprofit groups, or even for-profit contractors. The disadvantaged participants for these projects would be referred from JTPA, with education components delivered by the community-based learning centers. Nondisadvantaged youth could volunteer their services, and would be paid a stipend to cover participation costs (perhaps half of the minimum wage for service hours) while accruing benefits in the Career Investment Fund to finance future education and training. It would probably be feasible to implement 10 Community Improvement Ventures each year for 5 years.

o Incentive Entitlement. The Youth Incentive Entitlement Pilot Projects model was an operational success. It targeted on areas and individuals most in need. It helped reduce dropout rates and to promote school return by conditioning the job guarantee on school attendance. It increased private sector employment opportunities for poor youth by subsidizing a try-out with private and nonprofit employers. It emphasized and supported alternative education approaches. And it raised post-school earnings substantially.

The management and organizational approach which made Entitlement a success could and should be used again. The sites for this intensive job guarantee experiment were selected by a structured competition. This could be repeated, limiting the competition to poverty areas, and incrementing additional sites each year as funding became available. Under Entitlement, a nonprofit intermediary, with a balanced board of directors representing all segments of business, labor and academia, was used with extraordinary success (as documented by the General Accounting Office) in monitoring and assisting Entitlement projects administered by local governments. Repeating this approach, it would be entirely feasible to add 20,000 employment opportunities each year for five years. The legislative specifications of the Youth Employment and Demonstration Projects Act could be used as the prototype for authorizing language.

o Youth Community Service. Community and neighborhood-based groups could be used to mount local employment projects for out-of-school youth under age 22. The jobs would pay the minimum

wage for work hours, but would require unstipended participation in the open-entry/open-exit, individualized, self-paced and computer-based instructional programs delivered through associated learning centers. The subsidized jobs would be targeted for youth from low income families. As in the case of Community Improvement Ventures, other youth could volunteer their services, and their participation costs would be covered while they accumulated credits in the Career Investment Fund. Local governments would monitor the projects, which would be selected by neighborhood committees or ad hoc groups appointed by the chief elected officials. Standardized federal monitoring and output evaluation procedures would be used to maintain the quality of these projects. Without question, 50,000 year-round service opportunities could be created in this way.

o Conservation Corps. There is real and productive work to be done in the nation's parks and lands and many youth (particularly the better educated from more affluent families) are enthusiastic about these types of experiences. The problem is that federal lands are not near the concentrations of youth most in need, and poor youth tend to prefer neighborhood-based employment. Moreover, conservation work alone offers little opportunity to improve competencies or acquire transferable skills. The solution is to require that a third of the slots be nonresidential and near poverty areas, and that learning centers be established within all residential and nonresidential conservation centers. Though education activities would be mandatory and unstipended, the type of youth likely to participate in conservation programs should be very amenable to the notion of accruing

credits in the Career Investment Fund. A conservation program of 25,000 slots could be established within two years.

The creation of a quarter million work and service opportunities for youth under these varied approaches is a feasible goal, particularly if it is approached incrementally over the remainder of the 1980s. Without question, the summer program can be expanded to 1 million slots combining work and remediation, which is still below its 1978 peak enrollment, but the expansion should be graduated by 100,000 increments to allow time to build the remediation infrastructure. Combined with the proposed increase in Job Corps, the summer and work/service expansion over the next five years would be approximately the same scale expansion achieved in eighteen months under the Youth Employment and Demonstration Projects Act. With greater care and more reasoned implementation, the youth programs of the 1980s can improve on the success of those in the 197"s.

Frameworking The Youth Labor Market

It is not enough, however, to simply create jobs and improve skills, because unless employers can see that competencies have been attained from participation in these activities, unless the competencies are related to job requirements, and unless remedial activities are structured so that they are more than "educational band-aids," the impacts of youth programs will remain only modestly positive.

For entry jobs, employers want someone with at least rudimentary reading, writing and computational skills. Many high school graduates lack these basic academic competencies, and the employer has no way to tell since tests are rarely given at the worksite. What is needed is a generally accepted certification, like the GED, which documents basic or entry academic skills below the high school equivalency level. As with the GED, the tests may be uniform nationwide, but states may set their own certification standards based on employer inputs. One option might be to use the GED test as currently constituted, but to adopt high and low pass standards, the first reflecting real high school equivalency and the second an entry employment competency. This approach would minimize the extra costs.

To document work maturity in a more regularized fashion, it might be possible to define "learners" under the Fair Labor Standards Act as individuals below age 18 who lack the entry employment competencies and/or successful work experience of at least 500 hours. Employers could pay such learners the minimum less the established learner's differential. Teenagers who worked successfully in the public or private sector (i.e., attended and performed reasonably as attested by the employer), and who achieved entry skills levels, could be certified as job ready and would be guaranteed the full minimum wage. The certification process could be used as a juncture to generate a resume and to undertake career planning and job search assistance or placement.

The reinvigoration of the apprenticeship system requires federally-funded initiatives on a significant scale to expand the occupational scope of apprenticeships. The New Careers and Public Service Apprenticeships should be covered by the system. More experiments are also needed with the successful apprenticeship-in-school approach. But more critically, there must be incentives for employer cooperation. Such incentives might be provided by better targeting of existing hiring subsidies. As the number of entry workers falls so that supply and demand achieve better balance, the merits of employment tax credits decline as the likelihood of windfall profits to employers increases. Tax credits should, therefore, be restricted to the hiring of completers of remediation programs or certified apprentices. Similarly, "try-out" employment as currently authorized under JTPA might be used to identify likely candidates for tax-credited hiring and apprenticeship programs. If such incentives were established, a reasonable end-of-the-decade goal would be 1 million apprenticeship positions; which would require adding over 125,000 positions annually.

The creation of alternate opportunity pyramids within the JTPA remediation and training system can be accomplished using existing resources to develop creation of a relatively small number (50,000) of longer-term, more intensive and expensive training sequences including multi-year vocational training coupled with OJT assignments or apprenticeships, and with guaranteed placement into well-paying careers. These career opportunities should be restricted to disadvantaged youth who have

performed in the shorter-term remedial programs, acquiring the necessary academic and functional skills. The exemplary programs section of the Job Training Partnership Act outlines the organizational framework and provides the mandate. At least half of youth funds under the JTPA block grant should be set-aside for local youth programs organized in this way.

Achievable Objectives

These proposed basic skills, work/service and "frameworking" initiatives can be implemented by the end of the 1980s. The total added cost would be a billion dollars in 1985, rising to approximately four billion constant dollars at the end of the 1980s. However, the late 1980s' costs would be offset by reduction in generalized employment tax credit expenditures.

By no stretch of the imagination would this solve the youth employment problem. An additional quarter of a million year-round work and service activities and 350,000 summer slots would absorb less than just 3 percent of the 16- to 21-year-old work force, and a seventh of the currently unemployed. If half of the 650,000 proposed additional apprenticeship positions were secured for 16- to 21-year-olds, these would account for less than 5 percent of employment. The million learning center opportunities would still reach less than one in three 16-21 year-olds with serious basic skills deficiencies.

Yet the impact would be noticeable, particularly for youth most in need. If a third of work/service options, the extra summer opportunities, and the additional apprenticeship positions for youth were targeted on minorities and the poor, this would

create 250,000 full-year equivalent opportunities for the million minority and poor youth in the labor market. If half a million minority and poor youth were served annually in the new learning centers, averaging 200 hours and attaining minimum gain rates of 1.5 grade levels per 100 hours of instrution in either mathematics or reading, the 7th grade median reading and mathematics levels of minority youth could be raised by a grade or more before the end of the decade.

Most evidence suggests that past investments in basic skills, work/education combinations and career access for youth have had substantial payoffs for society. With more effective design, more reasoned implementation and better management, the rate of return should be increased. There is no more profitable investment for the future of America.